Phase-II power reforms

2543. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of POWER be pleased to state:

(a) whether the Centre has put in place the second phase of power sector reforms, with a focus on distribution, to augment the revenue streams of the State Electricity Boards;

(b) if so, whether this has been done with the hope of spurring private investments;

(c) whether on the advice of the Prime Minister power distribution reforms are to be initiated at the district level under the Accelerated Power Development Programme;

(d) if so, whether the Central Electricity Authority has been retained as the nodal agency for initiating distribution reforms at the district level;

(e) what are the details of the same; and

(f) to what extent the Phase-II of power reforms will spur private investment?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) Electricity is a concurrent subject and distribution is the responsibility of the State Governments. The real problem of management and the challenge of reforms lies in the distribution sector. In the Conference of Chief Ministers/Power Ministers held on 3.3.2001, the following resolutions were adopted to improve the health of the distribution sector;

(i) Energy audit at all 11 KV feeders must be made effective within the next 6 months and accountability fixed at the local level.

(ii) An effective Management Information System (MIS) for this purpose needs to be made operational.

(iii) On the basis of the above, an effective program needs to be launched for identifying and eliminating power thefts in the next 2 years.

(iv) Full metering of all consumers had been targeted for completion by December 2001. Special efforts should be made to complete the programme.

(v) The quality of power supplied especially in rural areas needs to be improved through the APDP and other programmes quickly;

(vi) Commercial viability has to be achieved in distribution in 2-3 years through any or all of the following:

— Creating Profit Centres with full accountability

— Handing over of local distribution to Panchayats/-Local Bodies/Franchisees/Users Associations, wherever necessary.

— Privatization of distribution.

— Or any other means.

(vii) Efforts by States, if necessary, at inviting private investment in the power sector need to be focussed towards returns thereafter.

(viii) Current operations on distribution would need to reach break even in two years and achieve positive returns thereafter.

(c) to (f) The Government of India has launched Accelerated Power Development Programme (APDP) with the objective of provding systematic financing for renovation & modernization and life extension of old generating stations and upgradation of Sub-transmission & Distribution network in the country for financial turn around in the performance of the State Electricity Boards (SEBs). Under APDP a special category States get 100% for the project cost in the ratio of 90% grant and 10% central loan whereas 50% of the project cost for non-special States met under APDP in the form of half grant and half loan and for the balance 50% of the project cost is obtained as loan from Financial Institutions. Under The APDP programme, the Upgradation of the Sub-transmission and Distribution system has been taken up in 63 distribution circles.

remaining distribution circles are scheduled for coverage during the 10th Plan period (2002-2007). The Central Electricity Authority is involved in the appraisal of the schemes received from the State Power Utilities for funding under APDP.

Turn around in distribution will improve the financial health of SEBs. Confidence in the ability of the SEBs to pay for the purchase of power is essential for financing of the capacity addition programme.

MoU with States for initiating power sector reforms

2544. SHRI C. M. IBRAHIM: Will the Minister of POWER be pleased to state:

(a) whether Government has signed Memorandum of Understanding with different States for initiating power sector reforms in lieu of special assistance;

(b) if so, the details of the terms of Memorandum of Understanding signed, introduced and the special assistance extended to them generally; and

(c) whether such Memorandum of Understanding have been signed with Government of Andhra Pradesh/Maharashtra/Karnataka/ Assam, if so the specific terms thereof indicating the reforms to be introduced and the special assistance extended?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and) (b) Nineteen States *viz.*, Andhra Pradesh, Assam, Bihar, Madhya Pradesh, chhattisgarh, Gujarat, Goa, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Uttaranchal, Uttar Pradesh and West Bengal have signed Memorandum of Understanding (MoUs) with the Government of India for undertaking power sector reforms in a time bound manner. The State Governments commitment in these MoUs is in the following areas generally:

(i) metering of all 11 KV feeders and energy audit

(ii) 100% metering of all consumers